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C O N F I D E N T I A L SECTION 01 OF 03 ISLAMABAD 006419

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TAGS: [MNUC](#) [PREL](#) [MARR](#) [PK](#) [AF](#) [IN](#) [PGOV](#) [IR](#)
SUBJECT: PRIME MINISTER AZIZ BRIEFS SENATOR HAGEL ON
PAKISTAN FOREIGN AND DOMESTIC ISSUES.

Classified By: Ambassador Ryan C. Crocker, Reasons 1.4 (b) and (d)

¶1. (C) Summary: In a wide-ranging conversation with visiting Senator Hagel (R-NE), Prime Minister Shaukat Aziz reiterated Pakistan's opposition to any nuclear weapons program in Iran, but supported Iran's right to a civil nuclear energy program. He praised Afghan President Karzai, and highlighted Pakistan's security efforts in its restive tribal areas. On peace discussions with India, he said Pakistan hoped for accelerated progress on Kashmir. Pakistan was concerned that the civ-nuc deal with India would give India the capability to produce 100-400 additional warheads per year. The deal would have been improved, Aziz said, had it been combined with a Pakistan-India nuclear restraint regime. Aziz reported that Pakistan had prepared a Letter of Request (LOR) for 18 C and D block F-16s and 30 A and B block. Later, Pakistan might ask for an additional 18 C and D block F-16s. He defended the government's performance in promoting the economy and moving the country toward democracy. He stressed that Pakistan was making strides toward democracy and said that on this score many in the Cabinet deeply resented the "condescending statements" of visiting dignitaries. End Summary.

¶2. (C) In an April 12 meeting with visiting Senator Chuck Hagel, Prime Minister Shaukat Aziz offered a tour de horizon of Pakistan's foreign and domestic policy concerns. Aziz explained that his comments were "hot off the press," reflecting discussions held that day in (a) an unusually substantive cabinet meeting dealing with national and security issues, and (b) a meeting of Pakistan's National Command Authority (chaired by President Musharraf and including Aziz, the Ministers of Defense and Foreign Affairs, the Chairman of the Joint Chiefs of Staff and the military Section chiefs). The latter meeting, he said, had also included scientists and had focused on nuclear issues. Senator Hagel reported on his discussions in India over previous days. He offered his sympathies in the wake of the deadly bombing at a Karachi religious festival, underscoring that he was a strong supporter of Pakistan and that Pakistan had a lot of friends in Congress.

Iran

¶3. (C) Aziz said that Pakistani scientists at the NCA meeting, viewed Iran's announcement on uranium enrichment was "nothing new." In their judgment, Iran was "re-declaring" a capability it already had. Pakistan had been clear that Iran must not produce nuclear weapons under any circumstances,

Aziz continued, but Iran was entitled to a civil nuclear program under IAEA safeguards. The international community should use diplomacy much more rigorously; "anything short of military action." Aziz also sought to distinguish Pakistan's program from Iran's, saying that Pakistan had pursued its program only in response to India's, and had done so in order to preserve balance and regional stability.

Afghanistan

14. (C) Pakistan is interested in a "strong, stable, vibrant Afghanistan," Aziz asserted. Violence and instability in Afghanistan would be destabilizing to the entire region. For that reason, Pakistan had taken very significant steps in the border region, Aziz noted, adding that he had asked Secretary Rumsfeld for additional USG help. Pakistan had sent the army into the tribal areas for the first time in history in order to deny the Taliban a sanctuary -- a move that had led to resistance from the local population. Pakistan did not need to be "preached at" on this score; it was pursuing terrorists out of conviction. However, it took "two to tango" and Afghanistan needed to do more on its side of the border. Pakistan had "clear evidence" that anti-Pakistan elements were filtering in from across the border and from Afghan refugee camps.

15. (C) Despite the "snafu" over the "obsolete" intelligence information passed to Pakistan by President Karzai, Aziz said he was convinced that Karzai was well meaning. Pakistan would support him "two hundred percent." Aziz noted that Pakistani representatives at the recent trilateral U.S.-Afghan-Pakistan intelligence meeting in Bagram had

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returned pleased, though there was a lingering "trust deficit" between the sides.

India

16. (C) Pakistan was continuing to press forward on peace efforts with India, Aziz said, adding that there might be a window of opportunity on a couple issues. However, there was a need for progress on the core issues relating to Jammu and Kashmir, especially steps toward demilitarizing the area. India acknowledged that the level of infiltration had declined; international relief workers had been given free reign in Azad Kashmir and no "camps" were visible. (Note: presumably a reference to militant camps.) The Indian side needed to match President Musharraf's "passion" for progress on the issue. This was a defining moment, and Pakistan was open-minded on possible solutions.

Civil-Nuclear Initiative

17. (C) Aziz focused on two points relating to the U.S.-India Civil Nuclear Initiative. First, it would have been better if any deal affecting nuclear capabilities had been combined with a nuclear restraint regime that covered both countries. The restraint regime had been the subject of a long conversation in the NCA meeting, Aziz added. Second, the deal as currently structured would allow India to produce more fissile material, which would lead to more warheads, creating a strategic imbalance. Aziz reported that Pakistani experts estimated that this new ability to substitute imported fuel for use in safeguarded civil reactors would free up fuel for the production of 100-400 extra warheads per year. He said Pakistan understood Washington's desire to engage India on the issue, but if it affected Pakistan's security, Pakistan would have to respond. Pakistan would "have to do whatever it has to do" to maintain regional stability.

18. (C) Aziz noted that Pakistan also had very significant

civil nuclear energy needs, and projected that it would require 8800 MGW of nuclear power by 2030. Pakistan understood that it was in the "doldrums" due to AQ Khan's misdeeds, but its needs were real and it would have to identify alternative sources. Pakistan had been burned by Khan, Aziz added. Khan had not even been a scientist, but rather an engineer and entrepreneur -- and now he was "in the doghouse."

¶9. (C) Senator Hagel responded that Congress was looking closely at the civil nuclear initiative with India, with particular attention to "the IAEA piece." Congress would want to understand the India-specific safeguards protocol with the IAEA. In his view, taken as a whole, the agreement was in the interests of both Pakistan and India. It should not be seen as directed against other countries in the region, whether India or China. Hagel said he expected the agreement would ultimately be ratified, but there were uncertainties.

Law and Order and Security

¶10. (C) Pakistan is strongly opposed to terrorism, Aziz said. "There is no good terrorist." Alluding to the April 12 bombing in Karachi, he explained that law and order was a provincial responsibility and he planned to travel to Karachi the next day to look into the situation. However, the investigation into the bombing was proceeding well.

¶11. (C) Aziz reported that Pakistan had prepared the Letter of Request (LOR) for U.S. aircraft and "targeting equipment." This would include a request for 18 F--16 C and D block aircraft, with the prospect of purchasing another 18 later. In addition, Pakistan would request 30 F--16 A and B block aircraft. At the same time, Pakistan was awaiting a contract for a purchase of Chinese aircraft. Pakistan's overall doctrine was "minimum credible deterrence," Aziz explained. In fact it had considerably paired down its request due to the earthquake.

Economy

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¶12. (C) Aziz defended the government's handling of the economy over recent years, saying the middle class was expanding as Pakistan retained high growth rates (the second highest in the world last year). Inflation was under control, reserves had increased, foreign direct investment had hit a new high of \$3 billion last year, and there were a lot of important projects still in the pipeline. Unemployment had declined, but further progress would require steps to improve skill levels among workers. Aziz added that Pakistan's economic agenda was focused on deregulation, market economics and privatization of state assets. Pakistan had recently sold a state-owned steel mill and half of its banks were owned by foreigners.

Democracy

¶13. (C) "We are neither apologetic nor defensive" about the progress of democracy in Pakistan, Aziz asserted. Pakistan had a very active political scene, with vociferous opposition parties. The governing coalition had only 200 of the 342 seats in the parliament. Leaders of some of the opposition parties were now out of the country only because they were "up to their necks" in activities that would land them in jail in any civilized country. The press was more of a force than at any time in Pakistan's history, and there had been a proliferation of electronic media outlets. For much of Pakistan's history offending journalists would be locked up. In contrast, President Musharraf took pride in the independent media. Pakistan also had a "new, tough, Independent Election Commissioner." In selecting the

Commissioner, the government had asked the opposition parties to give their views. Some had; some hadn't.

¶14. (C) Pakistan needed no lessons on democracy, Aziz concluded. It believed in freedom of expression and the power of the ballot box, but that did not mean it would permit corruption to flourish again. On this score, even opposition figures privately credited Musharraf, who was widely seen as clean. Aziz admitted that Pakistan had "some issues," including a President that also held another office. That arrangement had been dictated by circumstances and it would expire. For the first time, an elected parliament would serve its full term -- until November 2007 -- Aziz observed. He noted that during the cabinet meeting, his colleagues had expressed resentment at "condescending statements" made by friends and visitors about democracy in Pakistan.

¶15. (U) Senator Hagel has cleared this message.
CROCKER